

Message Text

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INFO OCT-01 ISO-00 SSO-00 CCO-00 /031 R

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S/S - MR GAMMON

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FM SECSTATE WASHDC

TO AMEMBASSY LONDON IMMEDIATE

INFO AMEMBASSY THE HAGUE PRIORITY

USMISSION EC BRUSSELS

O N F I D E N T I A L STATE 243075

EXDIS TOSEC 103

E.O. 11652: DECLASSIFY DEC 31, 1979

TAGS: ENRG

SUBJECT: DUTCH OIL SITUATION

REFERENCE: EC BRUSSELS 7200

FOR UNDERSECRETARY DONALDSON

1. AS REQUESTED REFTTEL, DEPT HAS QUERIED CHEVRON (SOCAL), TOGETHER WITH TEXACO AND EXXON CONCERNING PRODUCTION PLANS IN NETHERLANDS OVER NEXT THREE MONTHS. CHEVRON, IN PARTNERSHIP WITH TEXACO, OPERATES TWO REFINERIES IN ROTTERDAM AREA (PERNIS - WITH RATED CAPACITY OF 300,000 B/D; AND ROUNDHEIM - WITH RATED CAPACITY OF 80,000 B/D. CHEVRON HOLDS APPROXIMATE 68 PERCENT INTEREST AND IS OPERATOR OF BOTH REFINERIES. EXXON OPERATES ONE REFINERY AT PERNIS WITH CAPACITY RECENTLY INCREASED TO 316,000 B/D.

2. CHEVRON REPORTS ITS SHARE PRODUCTION OF TWO REFINERIES IT OPERATES IS NORMALLY 218,000 B/D. IT HAD HOPED TO MAINTAIN PRODUCTION AT THIS LEVEL DURING FIRST CONFIDENTIAL

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QUARTER 1974 USING APPROXIMATELY 180,000 B/D SAUDI CRUDE, 33,000 B/D IRANIAN CRUDE AND 5,000 B/D DIRTY NAPHTHA OBTAINED IN PERSIAN GULF FROM ARAB SOURCES. NORMAL PRODUCTION OF PRODUCT IS 211,000 B/D, OF WHICH 104,000 B/D IS EXPORTED TO UK (32,000 B/D); GERMANY (27,000 B/D),

DENMARK (26,000 B/D), AND BELGIUM (19,000 B/D).
REMAINDER CONSUMED IN NETHERLANDS. CHEVRON ALSO OPERATES
EUROPORT FACILITY AT ROTTERDAM WITH IMPORTS OF CRUDE
NORMALLY RUNNING AT 375,000 B/D FOR TRANSSHIPMENT TO
CHEVRON REFINERY AT PERNIS (213,000 B/D), TO CHEVRON
FACILITY IN BELGIUM (115,000 B/D) AND TO REFINERY JOINTLY
OWNED WITH TEXACO IN GERMANY (47,000 B/D).

3. THROUGH CRUDE STOCK DRAWDOWN, USE OF HISTORICAL IRANIAN
SUPPLY AND SWAPPING, COMPANY HOPES TO REALIZE OUTPUT
IN ROTTERDAM OF 165,000 B/D IN DECEMBER, 140,000 B/D IN
JANUARY AND APPROXIMATELY 80,000 B/D DURING FEBRUARY-
MARCH. PRACTICALLY ALL PRODUCTION SLATED FOR DUTCH
INTERNAL USE. GON INFORMED IN EARLY DECEMBER THAT
PRODUCTION FEB-MARCH LIKELY TO BE IN NEIGHBORHOOD
55,000 B/D AN ALMOST 80 PERCENT REDUCTION IN REFINERY
THROUGHPUT. THIS FIGURE NOW INCREASED BY QUOTE RECENT
DISCOVERY UNQUOTE ADDITIONAL 2,250,000 BARRELS OF NON-
ARAB CRUDE IN WORLD MARKET AVAILABLE FOR SWAPPING.
COMPANY ANTICIPATES THAT ADDITIONAL NON-ARAB CRUDE WILL
BE FOUND FOR USE ROTTERDAM REFINERIES.

4. CHEVRON REPORTS THAT SOCIAL PRESIDENT HAYNES ADVISED
GON ECON MINISTER LUBBERS BY TELEGRAM DECEMBER 10 OF
EFFORTS TO OBTAIN ADDITIONAL CRUDE FOR PROCESSING AT
ROTTERDAM. LUBBERS ALSO TOLD THAT CHEVRON ABILITY
SUPPLY CRUDE FOR DUTCH INTERNAL CONSUMPTION WOULD BE
GREATLY INCREASED IF GON WOULD QUOTE FACILITATE UNQUOTE
SHIPMENT OF ARAB CRUDE THROUGH ROTTERDAM TO GERMANY AND
THE NETHERLANDS. CHEVRON UNDERSTANDS THAT SAG HAS
AGREED TO PERMIT SUCH SHIPMENTS, PROVIDED GON AGREES
PERMIT PETRAMIN REPRESENTATIVE TO MONITOR SHIPMENTS.
GON REPORTEDLY HAS REFUSED TO PERMIT SAUDI REPRESENTATIVES
ACCESS TO PORT AREAS (THE HAGUE 5409).

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5. CHEVRON IS INSTRUCTING LOCAL REPRESENTATIVE, DANIEL
PILIERO (TEL 070-614471 THE HAGUE), TO CONTACT KATZ
THROUGH AMEMBASSY THE HAGUE TO PROVIDE MORE DETAILED
INFO. DEPARTMENT ASSURED THAT PILIERO HAS COMPLETE
CONFIDENCE SOCIAL (SAN FRANCISCO) AND AUTHORITY TO SPEAK
FOR COMPANY ON ALL MATTERS RELATED TO ROTTERDAM OPERATIONS.
SOCAL HAS ASKED DEPARTMENT TO IMPRESS ON UNDER SECRETARY
DONALDSON THAT ITS ABILITY TO SWAP OIL TO MEET
ROTTERDAM PROBLEM MUCH MORE LIMITED THAN THAT OF OTHER
MAJORS SINCE BULK OF ITS PRODUCTION COMES FROM ONLY TWO
SOURCES -- SAUDI ARABIA AND THE UNITED STATES. INCREASED
USE BY GERMANY AND BELGIUM OF SAUDI CRUDE SHIPPED THROUGH
ROTTERDAM WOULD FREE ADDITIONAL NON-ARAB CRUDE FOR USE

IN NETHERLANDS.

6. TEXACO SHARE REFINERY OPERATIONS ROTTERDAM HAS RATED CAPACITY OF 97,000 B/D. COMPANY NORMALLY PROCESSES 95,000 B/D IRANIAN CRUDE. THIS LEVEL MAINTAINED UNTIL NOVEMBER 25, WHEN RUNS REDUCED TO 72,000 B/D. COMPANY EXPECTS FURTHER REDUCTION TO 67,000 B/D MAY BE REQUIRED DURING FIRST QUARTER 1974. PORTER WIGGINS (TEL 010-1466611 - ROTTERDAM) IS LOCAL MANAGER, WHO REPORTEDLY IS KEEPING GON FULLY APPRISED REFINERY AND CRUDE SITUATION.

7. EXXON RECENTLY COMPLETED EXPANSION ROTTERDAM REFINERY, WHICH NOW HAS RATED CAPACITY OF 316,000 B/D. COMPANY HAD PLANNED TO REFINER AT PREVIOUS LEVEL APPROXIMATELY 250,000 B/D, THROUGH FIRST QUARTER 1974. ALL CRUDE, EXCEPT 16,000 B/D OF DOMESTIC OIL PRODUCED IN NETHERLANDS, NORMALLY IMPORTED FROM ARAB SOURCES, PRINCIPALLY SAUDI ARABIA. UNDER PRE-CRISIS CONDITIONS, REFINERY PRODUCED 125,000 B/D OF PRODUCT FOR DOMESTIC CONSUMPTION AND 100-150,000 B/D PRODUCT FOR EXPORT. TWO-THIRDS OF EXPORTS WERE TO UK AND REMAINDER TO SCANDINAVIAN COUNTRIES, PRINCIPALLY SWEDEN. ALL EXPORTS TERMINATED BY COMPANY ON OCTOBER 19.

8. USING DOMESTIC CRUDE PRODUCTION AND CRUDE IN STORAGE, EXXON REFINERY CURREN

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 10 MAY 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ENERGY, PETROLEUM
Control Number: n/a
Copy: SINGLE
Draft Date: 12 DEC 1973
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: mcintyresh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE243075
Document Source: ADS
Document Unique ID: 00
Drafter: EB:ORF:SSE:FAMAU:LED
Enclosure: n/a
Executive Order: DECL: DEC 31, 1979
Errors: n/a
Film Number: P750029-0929
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731256/abqcekfz.tel
Line Count: 135
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ORIGIN SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: EC BRUSSELS 7200
Review Action: RELEASED, APPROVED
Review Authority: mcintyresh
Review Comment: n/a
Review Content Flags:
Review Date: 23 JUL 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23-Jul-2001 by willialc>; APPROVED <13-Sep-2001 by mcintyresh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DUTCH OIL SITUATION
TAGS: ENRG, NL, IR, XF, TEXACO, EXXON, CHEVRON
To: LONDON INFO THE HAGUE
EC BRUSSELS
O N F I D E N T I A L STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005